



Request for City Council Committee Action from the Department of Regulatory Services

Date: March 18, 2013

To: Council Member Elizabeth Glidden, Chair – Regulatory, Energy & Environment Committee

Subject: Nuisance Condition Process Review Panel (NCPRP) recommendation regarding appeal of Director's Order to Raze and Remove structure located at 2501 Golden Valley Road.

Recommendation: To adopt the findings of the Nuisance Condition Process Review Panel to uphold the Director's Order and approve the staff recommendation for demolition of the property located at 2501 Golden Valley Road.

Previous Directives: None

Department Information

Prepared by: Scott Bockes, Problem Properties Operations Analyst, 612-673-5896

Approved by:

Jay Stroebel, Interim Director of Regulatory Services

Presenters in Committee: Kellie Rose Jones

Financial Impact

- Action is within the Business Plan

Community Impact

- Neighborhood Notification of NCPRP
- Consistent with City Goals

Supporting Information

The matter came before the Nuisance Condition Process Review Panel (NCPRP) on March 8, 2012. The matter was continued to May 10, 2012 to provide additional time for the property owner to enter into a Restoration Agreement and prepare documentation regarding the rehabilitation of the structure. The owner, Mr. Khan, failed to provide the required documentation for a rehabilitation to be considered. The required documentation included a list of the work proposed to be completed, a timetable to complete the work, and contractor bids. The item submitted for review by Mr. Khan appeared to be an insurance settlement estimate. The order to raze the building was upheld by the panel.

The structure was however determined to be a potential historical resource and an application for Demolition of a Historic Resource application was filed with the Community Planning and Economic Development – Planning Division. The matter was heard before the Heritage Preservation Commission on July 24, 2012. The Heritage Preservation Commission voted to approve the demolition but delayed the approval until December 31, 2012, to allow the interested parties an opportunity to take action to protect the property and work on a resolution to avoid demolition. The decision was not appealed.

Based upon the decision of the Heritage Preservation Commission the matter appeared before the NCPRP again on August 9, 2012. Additional information was presented and considered. Mr. Khan still had not submitted the satisfactory documentation or a plan for staff to consider a rehabilitation of the property. The determination of the NCPRP was that the property constituted a nuisance and that the property should be demolished.

After the August 9, 2012, NCPRP hearing, representatives of North Star Bank, the lender holding the mortgage for the property, requested a meeting with City staff in hopes of creating a plan to rehabilitate the property by authorizing a construction loan to Mr. Khan and supervising the project. The meeting was attended by the involved parties. Staff agreed to the Bank and Mr. Khan working on a possible rehabilitation loan, providing the necessary documentation for staff to review, and to bring any such agreement and documentation back to the NCPRP for consideration.

Problem Properties Unit staff continued to monitor the property and was available to the Bank and Mr. Khan. There was no progress to submit rehabilitation documents to staff during this period. The structure also remained open to the elements as Mr. Khan did not make the structure minimally weather resistant during this time period. Many of the upper windows continued to be open to the elements and animals or were missing. There have also been instances of the Inspections Department issuing orders to Mr. Khan concerning the property being open to trespass and rubbish not being removed.

On January 2, 2013, the attorney for North Star Bank issued a letter stating that North Star Bank and Mr. Khan could not come to an agreement regarding a loan for the rehabilitation of the property. The matter appeared before the NCPRP on January 10, 2013. The panel heard and considered additional testimony. Mr. Khan presented an estimate for the rehabilitation of the property. The rehabilitation cost listed on this estimate was \$347,764. Of this amount, \$69,124 is listed as Overhead and Profit. The net rehabilitation cost relating to labor and materials are \$278,640. This cost is extremely less than the staff estimate of between \$618,660 - \$870,545. The highest listed amount in the estimate is for electrical work. Staff inquired as to why. Mr. Khan's response was that he is proposing to install baseboard heating in the building. The panel determined that the Director's Order to Raze be upheld. Planning staff has approved and returned a signed Wrecking Permit application to the Problem Properties Unit.

Background

The structure located at 2501 Golden Valley Road is a two-story, eleven-unit apartment building located in the Willard-Hay neighborhood. According to City records, it is a 10,815 square foot building and sits on a 9,630 square foot lot.

The structure was damaged by a tornado in Minneapolis on May 22, 2011. The building sustained damage to include but not limited to the roof, roof overhang, windows, and brick façade. After the tornado, the building was boarded and has remained vacant and boarded since.

A Director's Order to Raze was issued on December 22, 2011, citing that the property was determined to be substandard, tornado damaged, and uninhabitable. The order was appealed by the property owner, Mr. Mahmood Khan. The matter was heard before the

Nuisance Condition Process Review Panel multiple times and before the Heritage Preservation Commission regarding its potential historical resource status.

The estimated cost to rehabilitate the building is between \$618,660 and \$870,545 based on the MEANS square footage estimate. The 2011 and 2010 assessed values were the same at \$297,500. The 2009 assessed value was \$313,000. The after rehabilitation value of the property was estimated to be \$352,000 to \$374,000 per the CPED contracted appraiser.

The estimated cost to demolish the structure is between \$45,000 and \$60,000.

The Northside Residents Redevelopment Council and the owners of properties within 350 feet of 2501 Golden Valley Road were mailed requests for a community impact statement. The department received 3 responses; all state that the property has a negative impact on the community and should be demolished.